

## Homeownership falling away for the young

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While current low interest rates are making [home loans](#) more affordable, competition for properties is leading more young Australians to stay at home for longer, or rent rather than buy.

Recent research from the Australian Housing and Urban Research Institute (AHURI) and RMIT University shows the number of tenants across the country is rising, while homeownership dipping.

Tenants now account for over 29 percent of Australian households according to the report.

A [high interest savings account](#) can help individuals save funds for a home deposit but they will need to save at least 20 percent if they want to avoid the burden of Lenders [Mortgage](#) Insurance and compete in this competitive housing market.

Hal Pawson, Professor of Housing Research and Policy at the University of New South Wales commented on the findings:

"Strategic investment is needed to increase the quantity, quality and security of affordable rental housing accessible to low and middle income households. Private investment will only flow when the risk weighted returns are right for [investment funds](#)."

### Younger Australians living at home

Meanwhile, the AHURI has released further research surrounding property ownership which suggests young Australians are staying put in their family homes for longer, rather than [taking out their own home loan](#).

Matthew Lovering, writer and analyst for AHURI commented on changing trends in homeownership:

"[R]esearch shows that between 1981 and 2012 the percentage of home owner/buyer households in the 25-34 year-old age group (the age group when traditionally most households buy their first home) fell nearly 20 percentage points from 61 percent in 1981 to 42 percent in 2011-12."

Mr Lovering noted that the 15-24 age group population increased between 2006 and 2012, from 2.7 million to 3.1 million individuals. Accordingly, it would be reasonable to expect a proportional increase in the number of households falling into this age bracket.

However, that has not been the case. Instead, a number of young adults have chosen to remain in their family home. In 1986, 13 percent of 20-34 year olds were living in their parents' home.

By 2006, the proportion had increased to 18 percent.

### People renting for longer

The tendency to avoid flying the coop is not the only interesting trend to emerge from the report.

Individuals are renting for longer, it appears. In 1994, 27 percent of households had been tenants — rather than homeowners — for a continuous period of over 10 years. By 2007, this figure had climbed to 33 percent.

With house prices going through the roof in some capital cities, conditions are great for existing homeowners, but less favourable to tenants looking to break into the real estate market.

According to the RP Data-Rismark June Hedonic Home Values Index, capital city dwelling values increased 1.4 percent month-on-month to June.

Sydney, Melbourne and Brisbane all recorded month-on-month increases, registering 1.7 percent, 1.8 percent and 1.3 percent respectively. Meanwhile, year-on-year to June, Sydney dwelling values soared by 15.3 percent, followed by Melbourne (9.4 percent), Brisbane (seven percent) and Darwin (5.7 percent).

With a smaller proportion of young Australians realising the dream of homeownership and strong yearly growth, landlords may find themselves in a healthy position.

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